

Assembly Bill No. 2459

CHAPTER 597

An act to amend Sections 11005.3 and 14669 of, and to add Section 14667.1 to, the Government Code, relating to property.

[Approved by Governor September 18, 1998. Filed
with Secretary of State September 21, 1998.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2459, Campbell. Property: state leases and acquisitions.

(1) Existing law authorizes any state department, board, or commission to lease any real property for the use of the state agency for storage, warehouse, or office purposes provided that the lease term does not exceed 3 years and the annual rental does not exceed \$24,000.

This bill would increase this maximum annual rental amount to \$50,000.

(2) Existing law authorizes the Director of General Services to exempt from his or her approval or from the approval of the Department of General Services any transaction involving not more than \$50,000 for which the approval is required by statute whenever, in the director's judgment, the exemption is appropriate and in the best interests of the state.

This bill would authorize the director, notwithstanding the above provision, to exempt from his or her approval, or from the approval of the department, any state real estate acquisition or conveyance involving not more than \$150,000 for which approval is required by statute whenever, in his or her judgment, the state agency delegated that authority has the necessary real estate expertise and experience to complete the transaction competently and professionally while protecting the best interests of the state. The bill would require that written notice of the exemptions be given to the Controller.

(3) Existing law authorizes the Director of General Services to lease, lease-purchase, or lease with the option to purchase any real or personal property for the use of any state agency, but prohibits the director from entering into a lease-purchase agreement, or a lease with an option to purchase with an initial option purchase price over \$2,000,000, either of which involves office space, unless specifically authorized by the Legislature.

This bill would delete the requirement that the director receive specific legislative authorization to enter into a lease with an option to purchase that involves office space with an initial option price over \$2,000,000. This bill would require the director to prepare and submit a report to the Legislature listing all leases entered into in the prior

calendar year with an option to purchase with another public or private entity that involve office space.

The people of the State of California do enact as follows:

SECTION 1. Section 11005.3 of the Government Code is amended to read:

11005.3. Any state department, board, or commission may lease any real property for the use of the state agency for storage, warehouse, or office purposes provided that the lease term does not exceed three years and the annual rental does not exceed fifty thousand dollars (\$50,000).

Prior approval to engage in any lease activity shall first be obtained from the Department of General Services and the lease agreement shall be subject to approval by the department.

SEC. 2. Section 14667.1 is added to the Government Code, to read:

14667.1. Notwithstanding Section 14616, the director may exempt from his or her approval, or from the approval of the department, any state real estate acquisition or conveyance involving not more than one hundred fifty thousand dollars (\$150,000) for which approval is required by statute whenever, in his or her judgment, the state agency delegated that authority has the necessary real estate expertise and experience to complete the transaction competently and professionally while protecting the best interests of the state. Written notice of exemptions shall be given to the Controller.

SEC. 3. Section 14669 of the Government Code is amended to read:

14669. (a) The director may hire, lease, lease-purchase, or lease with the option to purchase any real or personal property for the use of any state agency, including the Department of General Services, if he or she deems the hiring or leasing is in the best interests of the state.

(b) The director shall not enter into a lease-purchase agreement that involves office space, unless specifically authorized to do so by the Legislature. The director shall solicit written bids for any lease-purchase that involves office space in a newspaper of general circulation in the county in which the project is located. All bids received shall be publicly opened and the lease awarded to the lowest responsible bidder. If the director deems the acceptance of the lowest responsible bid is not in the best interest of the state, he or she may reject all bids.

(c) Notwithstanding Section 7550.5, by March 1st of each year, the director shall prepare a report listing all leases entered into in the prior calendar year with an option to purchase with another entity, public or private, that involve office space. The report shall be submitted to the Chairperson of the Joint Legislative Budget

Committee and the chairperson of the committee of each house of the Legislature that considers appropriations.

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